

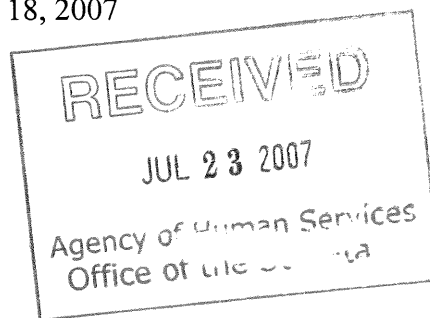


DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center  
Financial Management Service  
Division of Cost Allocation

26 Federal Plaza-Room 41-122  
New York, New York 10278  
PHONE: (212)-264-2069  
FAX: (212)-264-5478

July 18, 2007



Ms. Cynthia D. LaWare  
Secretary  
Agency of Human Services  
103 South Main Street  
Waterbury, Vermont 05671-0204

Dear Ms. LaWare:

This is to advise you of the approval of the revisions to the Vermont Agency of Human Service (AHS) Cost Allocation Plan, which were submitted under letter dated June 28, 2006. The revisions are to reflect continuous changes within the Agency of Human Services due to a department wide reorganization. These revisions, which were submitted in accordance with 45 CFR 95, Subpart E, are effective in accordance to the dates listed below.

This approval shall remain in effect until such time as the basis and methods for allocating costs in the plan becomes outdated due to organizational changes, changes in Federal law or regulations, or there is a significant change in program composition that would affect the validity of approved cost allocation procedures.

The plan is approved and costs claimed in conformance with the plan are subject to the following conditions:

1. The approval is based on information provided by the State and is void if the information is later found to be materially incomplete or inaccurate.
2. The costs claimed for Federal financial participation must be allowable under the law, the cost principles contained in OMB Circular A-87 and program regulation.
3. Based on CMS letter to Vermont dated May 29, 2007,
  - All current and future PACAP revisions for each AHS Department should comply with Federal regulations regardless of the status of the Global Commitment to Health waiver. The Office of Vermont Health Access administrative expenses and allocation methodologies should comply with Federal regulations at 45 CFR 95.507 (a) and (b) and 42 CFR 433.15.
  - A general reference to the Global Commitment to Health waiver at the beginning of

each AHS Department's allocation methodology should be indicated by an asterisk attached to each Plan Department number and allocation methodology that is affected by the waiver. The suggested reference could read, "With the October 1, 2005 implementation of the Global Commitment to Health 1115 waiver, all OVHA administrative costs are now claimed at the program rate".

4. The following cost allocation plans are approved under this letter:
  - Department of Children and Family Services (DCF) – effective 4/1/06
  - Department of Disabilities, Aging & Independent Living (DDAIL) – effective 4/1/06
  - Vermont Department of Health (VDH) – effective 4/1/06
  - Office of Vermont Health Access – effective 4/1/06
5. The approved plans are subject to ongoing revisions as the Vermont Agency of Human Services completes the transition to the new organizational and operational structure. These ongoing changes will be addressed in subsequent plan revisions that may impact on currently approved cost allocation methodologies.

Nothing contained herein should be construed as approving activities not otherwise authorized by approved program plans, or Federal legislation or regulations.

The implementation of the cost allocation plan approved by this document may from time to time be revised by authorized Federal staff. The disclosure of inequities during such reviews may necessitate changes to the plan.

Sincerely,



Robert I. Aaronson  
Director, Division of  
Cost Allocation

cc: Degnan, R., ACF  
MacAllister, D., USDA/FNS  
McGreal, R., CMS